

STATEMENT OF CONSIDERATIONS

REQUEST BY EASTMAN CHEMICAL COMPANY FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN INVENTION RIGHTS UNDER COOPERATIVE AGREEMENT NO. DE-FC22-95PC93052 W(A)-95-0046, CH 0881.


The Petitioner, Eastman Chemical Company (Eastman) was awarded a subcontract under the above referenced cooperative agreement with Air Products and Chemicals, Inc. (Air Products) to demonstrate in the LaPorte, Texas Alternative Fuels Development Unit (AFDU), new technologies for the synthesis of value-added syngas-derived products from non-traditional feedstocks. The project is to demonstrate the broad applicability of slurry-phased technology by using syngas. Air Products has requested a waiver of domestic and foreign rights for all subject inventions created by their employees under this agreement. Eastman is now seeking a waiver of domestic and foreign rights for all inventions created by their employees as well. This approach should focus development and lead to the ultimate commercialization of this technology.

In response to questions 3, and 8 in the attached copy of its petition for waiver, the total estimated cost of the cooperative agreement is about \$35.7 million with DOE providing \$28.6 million and Air Products and its industrial subcontractors providing the balance for a total cost sharing of about 20%. Eastman's subcontract with Air Products under the cooperative agreement totals \$3.4 Million. Eastman's will cost share of 20% of the subcontract for a total of \$690,763.

In its response to questions 5-7, Eastman explains that it considers itself eminently qualified to perform the scope of work, in that Eastman became the only company to commercialize and operate a modern facility for the generation of chemicals from coal. In addition Eastman owns and operates a facility in Longview, Texas which utilizes syngas to generate aldehydes from olefins. Moreover, Eastman is the beneficial owner of a large patent portfolio describing the generation of vinyl acetate. According to the petition Eastman has invested heavily in research, development, and commercialization of syngas processes. This private investment clearly demonstrates Eastman's commitment to the technology and indicates a likelihood of an effort to commercialize the results of the agreement.

The Petitioner has agreed to the inclusion of standard provisions with respect to invention waivers including march in rights, U.S. manufacturing preference and U.S. government license provided in 35 U.S.C. 202-204. Additionally, Eastman has accepted standard background patent and data provisions of paragraphs (k), (h), (j), and U.S. competitiveness clause to assure commercialization of the technology.

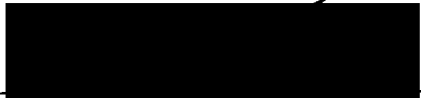
Considering the foregoing, it is believed that granting the waiver will provide the Petitioner with the necessary incentive to invest its resources in the commercialization of the results of the agreement in a fashion which will make the agreement's benefits available to the public in the shortest practicable time. In addition, it would appear that a grant of the above requested waiver would not result in an adverse effect on competition nor result in excessive market concentration. Therefore, in view of the objectives and considerations set forth in 41 CFR part 9-9.109-6, all of which have been considered, it is recommended that the requested waiver, as set forth above, be granted.


Tyrone Davis
Patent Attorney
Office of Patent Counsel

Date 2/13/96


Based on the foregoing Statement of Considerations and the representations in the attached waiver petition, it is determined that the United States and the general public will best be served by a waiver of rights of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of this agreement, where through such modification or extension, the purpose, scope, or cost of the agreement is substantially altered.

CONCURRENCE:


Howard Feibus, Associate Deputy
Assistant Secretary for
Research and Development, HQ
FE-23 3013/270

Date 3-2-96

APPROVAL:


Paul A. Gottlieb, Assistant General
Counsel for Technology Transfer and
Intellectual Property, HQ
GC-62 6F-067/FORS

Date MAR 1 5 1996

(ix) U.S. Competitiveness

The Contractor agrees that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States unless the Contractor can show to the satisfaction of the DOE that it is not commercially feasible to do so. In the event that DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Contractor agrees that it will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements. Should the Contractor or other such entity receiving rights in the invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license or other transfer of rights in the waived invention is suspended until approved in writing by the DOE.

WAIVER ACTION - ABSTRACT

W(A)-95-0046 - CH-0881

REQUESTOR

Eastman Chemical
Co.

CONTRACT SCOPE OF WORK

To demonstrate the broad applicability
of slurry-phased technology by using
syngas

RATIONALE FOR DECISION

Twenty Percent (20%) Cost Sharing

DISPOSITION